

12555 Manchester Road
St. Louis, MO 63131-3729
Bus 314-515-3570
Fax 314-515-3331

James D. Weddle
Managing Partner

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Edward Jones®

March 6, 2008

RECEIVED

Nancy M. Morris, Secretary
U.S. Securities and Exchange Commission
100 F Street N.E.
Washington, DC 20549

RE: Review of Rule 12b-1 – File No. 4-538

Dear Ms. Morris:

Edward Jones submits this letter to elaborate on our earlier comments with respect to the Securities and Exchange Commission's (the "SEC" or the "Commission") review of Rule 12b-1.¹

A. Introduction

Edward Jones is one of the largest financial services firms in the United States, serving the needs of over 5 million U.S. investors through the personalized service and relationships maintained by our more than 10,000 U.S. Financial Advisors. We focus our business on serving the needs of the serious, long-term, individual investor. In general, we have found that mutual funds serve our clients well, by providing advantages such as diversification and liquidity. Today, our clients have over \$299 billion invested in mutual funds and execute approximately 14 million mutual fund trades per year. Rule 12b-1 plays an important role in mutual fund distribution. Meaningful changes to Rule 12b-1 could have a significant impact on our clients, our Financial Advisors, and our firm.

¹ Letter from James D. Weddle, Managing Partner, Edward Jones, to the Honorable Christopher Cox, Chairman, SEC, June 15, 2007.

B. Rule 12b-1 Comment

1. General Comments

As stated in our June 15, 2007 letter, we believe that drastic changes to Rule 12b-1 are unwarranted at this time. We wish to reiterate those points in this letter and to provide more detailed recommendations with respect to enhanced disclosures. We note that SEC Chairman Christopher Cox has indicated that the Division of Investment Management "is readying a formal rule proposal for this spring."² We again note that Edward Jones stands ready to work with the Chairman, other Members of the Commission, the Staff, other industry participants, and the public to shape any proposal or to otherwise address this important issue.

At Edward Jones we believe that Rule 12b-1 is good for our customers. It is our experience that most investors prefer to have the benefit of professional guidance when managing their money.³ They generally want that help both at the time of purchase and throughout the life of the investment. Rule 12b-1 (including trail commissions) makes this investment model possible with regard to mutual funds. We certainly recognize that investors may choose other financial products and other means for purchasing them, such as on-line trading, fee-only planners, and other alternatives.⁴ But Rule 12b-1 has fostered an environment that allows investors of even modest means to have real choices about how they manage their money and to obtain the guidance or advice they seek before and after their initial purchase.⁵

Over the past few months, interested parties have engaged in spirited discussion and debate over the origins of Rule 12b-1 and whether a repeal or major refinement of the rule is necessary. As Andrew Donohue, Director of the Division of Investment Management, noted that in response to the Rule 12b-1 Roundtable:

The Commission ... received more than 1450 comment letters....
Approximately 1000 of these letters are form letters that were sent

² Christopher Cox, Chairman, SEC, "The SEC Agenda for 2008, Remarks to the SEC Speaks in 2008 Program of the Practising Law Institute" Feb. 8, 2008, at 8, available at <http://www.sec.gov/news/speech/2008/spch020808cc.htm> ("Chairman Cox Speech").

³ The Investment Company Institute ("ICI") validates that view. ICI reports that "the 'do-it-yourself' fund buyers who prefer to make investment decisions on their own are a distinct minority. "ICI research indicates that fully 80 percent of investors who hold funds outside of an employer-sponsored retirement plan turn to financial advisers and other intermediaries for help and advice [footnote omitted]." Remarks of Paul Schott Stevens, President and CEO, ICI, before the American Enterprise Institute Conference on Rule 12b-1, Sept. 14, 2007. Available at http://www.ici.org/home/07_aei_stevens.html#TopOfPage

⁴ Edward Jones is dually registered as a broker-dealer and as an investment adviser. Our Managed Account Program is an Edward Jones Investment Advisory product.

⁵ We note that broker-dealers use fees paid under Rule 12b-1 plans, along with other revenue sharing payments, to provide for a range of shareholders services.